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ATTORNEYS FOR USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE DISTRICT OF NEVADA**

In re:

JOSEPH D. MILANOWSKI,
 Debtor.

Case No. 07-13162-LBR

Chapter 11

USA CAPITAL DIVERSIFIED TRUST
 DEED FUND, LLC,

Adversary Proceeding No. 08-01090

STATUS REPORT

Plaintiff,

Hearing Date: July 13, 2010

v.

Hearing Time: 9:30 a.m.

JOSEPH D. MILANOWSKI,
 Defendant.

Hearing Location:
United States Bankruptcy Court
Foley Federal Building, Courtroom No. 1
300 Las Vegas Blvd South, Third Floor
Las Vegas, Nevada 89101

USA Capital Diversified Trust Deed Fund, LLC ("Diversified") hereby submits this Status Report in connection with the July 13, 2010 status check hearing in this 11 U.S.C. § 523 dischargeability adversary proceeding. The Court requested that if any of the plaintiffs in the dischargeability adversaries pending against debtors Joseph Milanowski ("Milanowski") and Thomas Hantges ("Hantges") intended to seek an additional stay of the litigation beyond July 13, 2010, that such parties submit a Status Report two weeks in advance of the hearing, explaining their rationale. Diversified seeks a continuation of the stay; accordingly, this is Diversified's Status Report.

1 Diversified proposes that the Court stay the litigation the § 523 adversary proceeding
 2 against Milanowski pending the outcome of the United States Trustee's recently-filed § 727
 3 action (Adv. Proceeding No. 10-01196 filed on June 7, 2010). Because a judgment denying
 4 Milanowski a discharge would moot individual dischargeability judgments, it would be a very
 5 inefficient use of the Court's and counsels' time to pursue the § 523 adversaries until the
 6 discharge adversary is resolved.

7 Diversified thus requests that the Court continue the stay of its § 523 adversary
 8 proceeding against Milanowski pending the resolution of the § 727 adversary proceeding brought
 9 by the United States Trustee.

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 11 DATED this 2nd day of July, 2010.

12 SNELL & WILMER L.L.P.

13 By: /s/ Claire Y. Dossier
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